

Decision \_\_\_\_\_

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Joint Application Under Public Utilities Code Sections 851 and 854 for Approval of the Transfer of Assets and Control Over the Public Utility Operations of IXC Holdings, Inc. (U6647C) by Telekenex Acquisition Corporation.

Application 13-09-022  
(Filed September 30, 2013)

**DECISION GRANTING APPLICATION FOR APPROVAL OF TRANSFER OF ASSETS AND CONTROL UNDER PUBLIC UTILITIES CODE SECTIONS 851 AND 854**

We grant the Application of IXC Holdings, Inc. (IXC) and Telekenex Acquisition Corporation (Telekenex Acquisition or Applicant) for approval of the transfer of the assets and control over the public utility operations of IXC to Telekenex Acquisition under Public Utilities Code Sections 851 and 854. We further direct that Exhibits D and F to the Application shall be placed under seal and not be accessible or disclosed except as set forth herein.

**1. Background**

By Decision (D.) 02-04-036 CF Communications, LLC, was granted authority to provide limited facilities-based and resold local exchange service throughout the service territories of Pacific Bell Telephone Company (d/b/a AT&T California, Verizon California, Inc., Citizens Telecommunications of California, Inc. d/b/a Frontier Communications of California, and Roseville Telephone Company (now SureWest Telephone) and to provide interexchange

service throughout the state. Subsequently, CF Communications, LLC, was renamed Telekenex, Inc. Then, upon approval of Telekenex, Inc.'s Advice Letter No. 71, filed on June 3, 2010 (pursuant to D.04-10-038, D.97-06-0096, and D.94-05-051), Telekenex, Inc.'s regulated operations were transferred to IXC. IXC is a Delaware corporation.

Telekenex Acquisition is a new entity formed specifically for this transaction that has no current operations of its own. Telekenex Acquisition is a Delaware corporation.<sup>1</sup> After completion of this transaction, Telekenex Holdings, LLC, a Delaware limited liability company, will control 82% of the equity interest in Telekenex Acquisition. Telekenex Holdings, LLC, is wholly-owned by Spire Capital Partners III, LLC, a Delaware limited liability company. The current management investors of IXC Holdings, Inc. will own 16% of Telekenex Acquisitions in the aggregate, with no single investor holding more than 10% of the equity interest.

## **2. Analysis and Action**

Public Utilities Code Section 854 requires Commission authorization before a company may “merge, acquire, or control ... any public utility organized and doing business in this state ... .” The purpose of this and related sections is to enable the Commission, before any transfer of public utility property is consummated, to review the situation and to take such action, as a condition of the transfer, as the public interest may require.<sup>2</sup>

Where, as is the case here, a company that does not possess a certificate of public convenience and necessity (CPCN) desires to acquire control of a company

<sup>1</sup> Telenex Acquisition's principal address is c/o Spire Capital Management, LLC, 1500 Broadway, Suite 1811, New York, New York 10036. Telekenex Acquisition's telephone number is 212-218-5456.

<sup>2</sup> D.05-06-047, citing San Jose Water Co. (1916) 10 CXRC 56.

that does possess a CPCN, we will apply the same requirements as in the case of an applicant seeking a CPCN to exercise the type of authority held by the company being acquired.<sup>3</sup>

### **2.1. California Environmental Quality Act (CEQA)**

The CEQA requires the Commission as the designated lead agency to assess the potential environmental impact of a project so that adverse effects are avoided, alternatives are investigated, and environmental quality is restored or enhanced to the fullest extent possible.

Telekenex Acquisition Corporation (Telekenex Acquisition or Applicant) proposes to offer limited facilities-based and resold local exchange service via the requested transfer of operating authorities and related assets and control over existing public utility operations. Applicant asserts that, because this transaction represents a transfer of control of existing assets it will not have any effect on the environment. Thus, the transfer that is the subject of this application is a “paper transaction” that does not involve any construction. Therefore, it can be said with certainty that there is no possibility that granting this application will have an adverse impact upon the environment.<sup>4</sup> Before it can construct facilities other than equipment to be installed in existing buildings or structures, Applicant must file for additional authority, and submit to any necessary CEQA review.

### **2.2. Financial Qualifications**

To be granted a CPCN for authority to provide facilities-based and resold local exchange service, an applicant must demonstrate that it has \$100,000 cash or cash equivalent to meet the firm’s start-up expenses. The applicant must also demonstrate that it has sufficient additional resources to cover all deposits required by other telecommunications carriers in order to provide service in

<sup>3</sup> See D.05-06-047 at 9.

<sup>4</sup> See D.04-10-038, D.97-06-0096, and/or D.94-05-051.

California.<sup>5</sup> Here Applicant provides documentation establishing its access to cash resources in the amount of \$125,000. This amount includes the minimum \$100,000 cash showing required of new applicants and \$25,000 to cover other potential deposit requirements.

### **2.3. Technical Qualifications**

To be granted authority to provide local exchange service, an applicant must also make a reasonable showing of technical expertise in telecommunications or a related business. Applicant supplied biographical information on David Schaible, Grant Evans, Anthony Zabit, and Brandon Chaney, whom it identifies as “Telekenex Acquisition’s officers, directors, and principals ... ” and notes that following consummation of the proposed transaction, the current management of IXC, together with the current management of Telekenex Acquisition will run the operations of IXC.<sup>6</sup> A review of the attached resumes reveals that, while Schaible and Evans have no prior telecommunications experience, Zabit and Chaney (IXC’s founders and officers) have worked in this field for several years.

Applicant further states that neither it “nor any of its affiliates, officers, directors, partners, agents, or owners (directly or indirectly) of more than 10% of Telekenex Acquisition, nor anyone acting in a management capacity for Telekenex Acquisition as of the date hereof: ... [has] been personally found liable, or held one of these positions with a company that has been found liable, for fraud, dishonesty, failure to disclose, or misrepresentations to consumers or others, ... or (g) been found to have violated any statute, law, or rule pertaining

<sup>5</sup> The financial standards for certification to operate as a Competitive Local Carrier are set forth in D.95-12-056, Appendix C, Rule 4.B.

<sup>6</sup> See Application at 6 and Exhibit G.

to public utilities or other regulated industries ... .”<sup>7</sup> In contrast, IXC acknowledges that “the United States District Court, Western District of Washington, at Seattle, entered a Judgment in Case No. C10-268Z, against, among other persons, IXCH, Telekenex, Inc. (“Telekenex”), which is an affiliate of IXCH, and Brandon Chaney and Anthony Zabit who {are} IXCH’s founders, officers, and directors.” (See Application, Exhibit I.) Thus, while Applicant states that Zabit and Chaney will be officers, directors, and/or principals in Telekenex Acquisitions so as to demonstrate sufficient technical expertise, it fails to disclose their prior consumer protection violations.

Counsel for Applicant addressed this seeming inconsistency in an e-mail dated December 2, 2013. According to counsel: 1) [N]either Anthony Zabit nor Brandon Chaney were officers, directors, employees, or managers, of Telekenex Acquisition at the time the application was filed; 2) Mr. Zabit was appointed on an interim basis about a week or so ago to take certain actions on behalf of Telekenex Acquisition to facilitate the transaction, but ... the interim appointment is no longer in effect and, 3) Mr. Zabit and Mr. Chaney will not become officers, directors, owners or otherwise, until the closing. Counsel’s claim is consistent with Applicant’s affidavit which adds the phrase “as of the date hereof” to the usual disclosure language. Thus it appears that by adding this phrase, which is not in the IXC affidavit, Applicant attempts to exclude Zabit and Chaney from this portion of our review.

It appears both Applicant and its counsel labor under the unfounded and erroneous belief that our required disclosures into the past dealings of Applicant’s officers, directors, employees, or managers may be limited to a particular time of their choosing. On the contrary, our disclosure requirements

<sup>7</sup> Application, Exhibit H, emphasis added.

are to be construed broadly and as favoring full over disclosure. Consistent with this approach, our disclosure requirements apply to both current and reasonably anticipated affiliates, officers, directors, partners, agents, or owners (directly or indirectly) of more than 10% of the Applicant.

Rather than reject this application outright for failing to provide the appropriate disclosures, we reviewed the application with the understanding that Zabit and/or Chaney are or will be officers, directors, owners or otherwise in Telekenex Acquisition. With this in mind, we reviewed Commission records, public legal filings, and various on-line resources and found nothing that would require further disclosure or concern. However, given the nature of the prior violation, prudence dictates that we require Applicant to abide by the following additional reporting requirements. First, we shall require Applicant to report any bankruptcy filed by any present or subsequent director, officer, partner, or owner of more than 10% of Telekenex Acquisition that may occur over the next three years. Second, we shall require Applicant to report any sanctions by the Federal Communications Commission or any state regulatory agency for failure to comply with any regulatory statute assessed against any present or subsequent director, officer, or manager, partner, or owner of more than 10% of Telekenex Acquisition that may occur over the next three years. Finally, we place Applicant on notice that any failure to disclose any violation above within 90 days will result in forfeiture of the CPCN.

#### **2.4. Tariffs**

Telekenex has filed no new tariffs and has provided assurances that the transaction will be transparent to IXC's customers. In acquiring IXC's assets Telekenex adopts IXC's previously approved tariffs and therefore IXC's obligation to correct any outstanding deficiencies.

**2.5. CPCN - Conclusion**

As set forth above, Telekenex Acquisition is qualified to operate as a limited facilities-based and resale provider of local exchange and interexchange telecommunications services within California. Therefore, Telekenex Acquisition is qualified to acquire the assets of IXC.

**2.6. The Motion to File Under Seal**

Telekenex Acquisition submitted several documents in support of its Application. According to Applicant, Exhibit D to the Application contains a non-public letter of intent describing the terms and conditions of the proposed transactions, and Exhibit F to the Application contains non-public financial account information pertaining to Telekenex Acquisition. Telekenex Acquisition and IXC state their belief that public disclosure of this information could subject them, and individual investors, to unfair competitive disadvantage in connection with business negotiations and dealings with vendors, customers, potential business partners, and other persons. These contentions provide good cause to grant the requested motion.

We will direct that Exhibits D and F shall be filed under seal. The information in these exhibits will remain under seal for a period of two years after the date of this order. During this two-year period, this information will remain under seal and shall not be made accessible or disclosed to anyone other than the Commission staff, or on the further order or ruling of the Commission, the assigned Commissioner, the assigned Administrative Law Judge (ALJ), the Law and Motion Judge, the Chief ALJ, or the Assistant Chief ALJ, or as ordered by a court of competent jurisdiction.

If Telekenex Acquisition believes that it is necessary for this information to remain under seal for longer than two years, it may file a new motion stating the

justification for further withholding of the information from public inspection. This motion shall be filed at least 30 days before the expiration of today's limited protective order.

### **3. Conclusion**

The basic task of the Commission in a Section 851 proceeding is to determine whether the transaction serves the public interest: "The public interest is served when utility property is used for other productive purposes without interfering with the utility's operation of affecting service to utility customers." (D.02-01-058.) Applicant represents that, as a result of the transaction, customers will continue to receive service under the same rates, terms, and conditions as before the transaction. Thus the transaction at issue here will result in no change in rates, terms, or conditions of service. Therefore the transaction is not adverse to the public interest and we will approve the transaction prospectively.

### **4. Categorization and Need for Hearing**

In Resolution ALJ 176-3325, dated October 31, 2013 the Commission preliminarily categorized this application as ratesetting, and preliminarily determined that hearings were not necessary. No protests have been received. There is no apparent reason why the application should not be granted. Given these developments, a public hearing is not necessary, and it is not necessary to disturb the preliminary determinations.

### **5. Waiver of Comment Period**

This is an uncontested matter in which the decision grants the requested relief. Therefore, pursuant to Pub. Util. Code § 311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

**6. Assignment of Proceeding**

Carla J. Peterman is the assigned Commissioner and Darwin E. Farrar is the assigned ALJ in this proceeding.

**Findings of Fact**

1. A notice of the filing of the application appeared in the Daily Calendar on October 18, 2013.
2. There were no protests to this application.
3. Because Telekenex Acquisition has a minimum of \$125,000 in cash or cash equivalent that is reasonably liquid and readily available to meet its start-up expenses it has the financial ability to provide the proposed service.
4. Telekenex Acquisition's management possesses sufficient experience and knowledge to provide local exchange services to the public.
5. Joint Applicants do not propose to construct any facilities in order to provide the proposed service.
6. Concurrent with the Application, IXC and Telekenex Acquisition filed a motion to file under seal to protect from public disclosure, Exhibits D and F to their Application.
7. Exhibits D and F to the Application contain confidential terms and conditions of the proposed transaction and confidential financial information.

**Conclusions of Law**

1. The CEQA requires the Commission as the designated lead agency to assess the potential environmental impact of a project so that adverse effects are avoided, alternatives are investigated, and environmental quality is restored or enhanced to the fullest extent possible.

2. Public convenience and necessity require the competitive local exchange services to be offered by Telekenex Acquisition, subject to the terms and conditions set forth herein.

3. The Application should be granted to the extent set forth below.

4. Once granted, the Application should be subject to the applicable Commission rules, decisions, General Orders, and statutes that pertain to California public utilities.

5. In acquiring IXC's assets Telekenex Acquisition adopts the previously approved tariffs as well as the obligation to correct any outstanding deficiencies.

6. Applicant does not propose to construct any facilities. Therefore, it can be seen with certainty that granting Joint Applicants the authority to provide local exchange services will not have a significant adverse effect upon the environment.

7. Good cause exists to grant the requested motion to file Exhibits D and F under seal.

8. Because of the public interest in competitive local exchange services, the following order should be effective immediately

## **O R D E R**

**IT IS ORDERED** that:

1. The certificate of public convenience and necessity granted to IXC Holdings, Inc., to operate as a facilities-based and resale provider of competitive local exchange services, and interexchange services, may be transferred to Telekenex Acquisition Corporation.

2. Telekenex Acquisition Corporation is authorized to provide local exchange service in the service territories of Pacific Bell Telephone Company d/b/a/ AT&T California, Verizon California Inc., Citizens Telecommunications of California, Inc. d/b/a Frontier Communications of California, and SureWest Telephone, and to provide interexchange service throughout the state.

3. Telekenex Acquisition Corporation must obtain a performance bond of at least \$25,000 in accordance with Decision 13-05-035. The performance bond must be a continuous bond (i.e., there is no termination date on the bond) issued by a corporate surety company authorized to transact surety business in California, and the Commission must be listed as the obligee on the bond. Within five days of acceptance of its certificate of public convenience and necessity, Telekenex Acquisition Corporation must submit a Tier 1 advice letter to the Director of Communications, containing a copy of the license holder's executed bond, and submit a Tier 1 advice letter annually, but not later than March 31, with a copy of the executed bond.

4. Telekenex Acquisition Corporation must not allow its performance bond to lapse during any period of its operation. Pursuant to decision 13-05-035, the Commission may revoke a certificate of public convenience and necessity if a carrier is more than 120 days late in providing the Director of Communications a copy of its executed performance bond and the carrier has not been granted an extension of time by the Communications division.

5. Telekenex Acquisition Corporation (Telekenex Acquisition) is authorized to file tariff schedules for the provision of competitive local exchange and interexchange services. Telekenex Acquisition shall comply with IXC's California tariffs.

6. The transferred certificate, and the authority to render service under the rates, charges, and rules authorized, will expire if not exercised within 12 months after the effective date of this order.

7. The corporate identification number assigned to IXC Holdings, Inc., U-6647-C, shall be reassigned to Telekenex Acquisition Corporation for inclusion in the caption of all original filings with this Commission, and in the titles of other pleadings filed in existing cases.

8. Telekenex Acquisition Corporation shall comply with all applicable rules adopted in the Local Exchange Competition proceeding (Rulemaking 95-04-043/Investigation 95 04 044), the Commission's rules and regulations for Non-dominant Interexchange Carriers set forth in Decision (D.) 93-05-010 and D.90 08 032, as well as all other applicable Commission rules, decisions, General Orders, and statutes that pertain to California public utilities, subject to the exemptions granted in this decision.

9. Telekenex Acquisition Corporation shall comply with the requirements applicable to competitive local exchange carriers and Non-dominant Interexchange Carriers included in Attachment A to this decision.

10. Telekenex Acquisition Corporation is not authorized to construct facilities beyond those existing facilities acquired from IXC Holdings, Inc., other than equipment to be installed in existing buildings or structures.

11. Telekenex Acquisition Corporation is authorized to use the facilities acquired from IXC Holdings, Inc., to provide telecommunications services.

12. Telekenex Acquisition Corporation cannot construct facilities other than equipment to be installed in existing buildings or structures unless it files for additional authority and submits to any necessary environmental review.

13. Pursuant to Pub. Util. Code § 854, Telekenex Acquisition Corporation's acquisition of IXC Holdings, Inc. is approved prospectively.

14. The motion to file Exhibit D and F under seal is granted. The information will remain under seal for a period of two years after the date of this order. During this two-year period, this information will remain under seal and shall not be made accessible or disclosed to anyone other than the Commission staff, or on the further order or ruling of the Commission or an Administrative Law Judge ruling, or as ordered by a court of competent jurisdiction.

15. If Telekenex Acquisition Corporation believes that it is necessary for this information to remain under seal for longer than two years, it may file a new motion stating the justification for further withholding of the information from public inspection. This motion shall be filed at least 30 days before the expiration of today's limited protective order.

16. Telekenex Acquisition Corporation (Telekenex Acquisition) shall report to the California Public Utilities Commission any subsequent bankruptcy filed by any director, officer, partner, or owner of more than 10% of Telekenex Acquisition that may occur over the next three years.

17. Telekenex Acquisition Corporation (Telekenex Acquisition) shall report to the California Public Utilities Commission any subsequent sanctions by the Federal Communications Commission or any state regulatory agency for failure to comply with any regulatory statute assessed against any director, officer, or manager, partner, or owner of more than 10% of Telekenex Acquisition that may occur over the next three years.

18. Any failure to disclose one of the above violations within 90 days of the violation being found will result in forfeiture of this Certificate of Public Convenience and Necessity.

19. Application 13-09-022 is closed.

This order is effective today.

Dated \_\_\_\_\_, at San Francisco, California.

**ATTACHMENT A****REQUIREMENTS APPLICABLE TO COMPETITIVE LOCAL EXCHANGE CARRIERS AND INTEREXCHANGE CARRIERS**

1. Applicant must file, in this docket with reference to this decision number,<sup>1</sup> a written acceptance of the certificate granted in this proceeding within 30 days of the effective date of this order.

2. Applicant is subject to the following fees and surcharges that must be regularly remitted. Per the instructions in Exhibit E to Decision (D.) 00-10-028, the Combined California PUC Telephone Surcharge Transmittal Form must be submitted even if the amount due is \$0. [Under Public Utilities Code Section 405, carriers that are in default of reporting and submitting user fees for a period of 30 days or more will be subject to penalties including suspension or revocation of its authority to operate in California. In accordance with D.13-05-035, applicant must pay a minimum user fee of \\$100 or 0.18% of intrastate revenue, whichever is greater.](#)

- a. The Universal Lifeline Telephone Service Trust Administrative Committee Fund (Pub. Util. Code § 879);
- b. The California Relay Service and Communications Devices Fund (Pub. Util. Code § 2881; D.98-12-073);
- c. The California High Cost Fund-A (Pub. Util. Code § 739.3; D.96-10-066, at 3-4, App. B, Rule 1.C);
- d. The California High Cost Fund-B (D.96-10-066, at 191, App. B, Rule 6.F.; D.07-12-054);
- e. The California Advanced Services Fund (D.07-12-054);
- f. The California Teleconnect Fund (D.96-10-066, at 88, App. B, Rule 8.G).

<sup>1</sup> Written acceptance filed in this docket does not reopen the proceeding.

- g. The User Fee provided in Pub. Util. Code §§ 431-435. The minimum annual User Fee is \$100, as set forth in D.13-05-035.

Note: These fees change periodically. In compliance with Resolution T-16901, December 2, 2004, Applicant must check the joint tariff for surcharges and fees filed by Pacific Bell Telephone Company (dba AT&T California) and apply the current surcharge and fee amounts in that joint tariff on end-user bills until further revised. Current and historical surcharge rates can be found at <http://www.cpuc.ca.gov/PUC/Telco/Consumer+Information/surcharges.htm>.

- Carriers must report and remit CPUC telephone program surcharges online using the CPUC Telecommunications and User Fees Filing System (TUFFS). Information and instructions for online reporting and payment of surcharges are available at <http://www.cpuc.ca.gov/PUC/Telco/Information+for+providing+service/Surcharge+Remittance.htm>. To request a user ID and password for TUFFS online filing and for questions, please e-mail [Telco\\_surcharges@cpuc.ca.gov](mailto:Telco_surcharges@cpuc.ca.gov).
- Carriers must file and pay the PUC User Fee (see above item 2g) upon receiving the User Fee statement sent by the Commission. User Fees cannot be reported or paid online. Instructions for reporting filing are available at <http://www.cpuc.ca.gov/PUC/Telco/Consumer+Information?userfee.htm> <http://www.cpuc.ca.gov/PUC/Telco/Information+for+providing+service/userfee.htm>. Please call (415) 703-2470 for questions regarding User Fee reporting and payment.

3. Applicant must obtain a performance bond of at least \$25,000 in accordance with D.13-05-035. The performance bond must be a continuous bond (i.e., there is no termination date on the bond) issued by a corporate surety company authorized to transact surety business in California, and the Commission must be listed as the obligee on the bond. Within five days of

acceptance of Certificate of Public Convenience and Necessity authority, Applicant must submit a Tier 1 advice letter to the Director of Communications, containing a copy of the license holder's executed bond, and submit a Tier 1 advice letter annually, but not later than March 31, with a copy of the executed bond.

4. Applicant must not allow its performance bond to lapse during any period of its operation. Pursuant to D.13-05-035, the Commission may revoke a Certificate of Public Convenience and Necessity if a carrier is more than 120 days late in providing the Director of Communications a copy of its executed performance bond and the carrier has not been granted an extension of time by the Communications Division.

5. 3- Applicant is a competitive local exchange carrier (CLC). The effectiveness of its future tariffs is subject to the requirements of General Order 96-B and the Telecommunications Industry Rules (D.07-09-019).

6. 4- Applicant is a non-dominant interexchange carrier (NDIEC). The effectiveness of its future NDIEC tariffs is subject to the requirement of General Order 96-B and the Telecommunications Industry Rules (D.07-09-019).

7. 5- Tariff filings must reflect all fees and surcharges to which Applicant is subject, as reflected in #2 above.

8. 6- Applicant must file a service area map as part of its initial tariff.

9. 7- Prior to initiating service, Applicant must provide the Commission's Consumer Affairs Branch with the name and address of its designated contact person(s) for purposes of resolving consumer complaints. This information must be updated if the name or telephone number changes, or at least annually.

~~10. 8.~~ Applicant must notify the Director of the Communications Division in writing of the date that local exchange service is first rendered to the public, no later than five days after service first begins.

~~11. 9.~~ Applicant must notify the Director of the Communications Division in writing of the date local service is first rendered to the public within five days after service begins.

~~12. 10.~~ Applicant must keep its books and records in accordance with the Generally Accepted Accounting Principles.

~~13. 11.~~ In the event Applicant's books and records are required for inspection by the Commission or its staff, it must either produce such records at the Commission's offices or reimburse the Commission for the reasonable costs incurred in having Commission staff travel to its office.

~~14. 12.~~ Applicant must file an annual report with the Director of the Communications Division, in compliance with GO 104-A, on a calendar-year basis with the information contained in Attachment C to this decision.

~~15. 13.~~ Applicant must file an affiliate transaction report with the Director of the Communications Division, in compliance with D.93-02-019, on a calendar-year basis using the form contained in Attachment D.

~~16. 14.~~ Applicant must ensure that its employees comply with the provisions of Pub. Util. Code § 2889.5 regarding solicitation of customers.

~~17. 15.~~ Within 60 days of the effective date of this order, Applicant must comply with Pub. Util. Code § 708, Employee Identification Cards, and notify the Director of the Communications Division in writing of its compliance.

~~18. 16.~~ If Applicant is 90 days or more late in filing an annual report, or in remitting the surcharges and fee listed in #2 above, and has not received written permission from the Communications Division to file or remit late, the

Communications Division must prepare for Commission consideration a resolution that revokes Applicant's CPCN.

19. ~~17.~~ Applicant is exempt from Rule 3.1(b) of the Commission Rules of Practice and Procedure

20. ~~18.~~ Applicant is exempt from Pub. Util. Code §§ 816-830.

21. ~~19.~~ Applicant is exempt from the requirements of Pub. Util. Code § 851 for the transfer or encumbrance of property whenever such transfer or encumbrance serves to secure debt.

22. ~~20.~~ If Applicant decides to discontinue service or file for bankruptcy, it must immediately notify the Communications Division's Bankruptcy Coordinator.

23. ~~21.~~ Applicant must send a copy of this decision to concerned local permitting agencies no later than 30 days from the date of this order.

**(END OF ATTACHMENT A)**

**ATTACHMENT B****ANNUAL REPORT**

An original and a machine readable, copy using Microsoft Word or compatible format must be filed with the California Public Utilities Commission, State Office Building, 505 Van Ness Avenue, Room 3107, San Francisco, CA 94102-3298, no later than March 31st of the year following the calendar year for which the annual report is submitted.

Failure to file this information on time may result in a penalty as provided for in Pub. Util. Code §§ 2107 and 2108.

Required information:

1. Exact legal name and U # of the reporting utility.
2. Address.
3. Name, title, address, and telephone number of the person to be contacted concerning the reported information.
4. Name and title of the officer having custody of the general books of account and the address of the office where such books are kept.
5. Type of organization (*e.g.*, corporation, partnership, sole proprietorship, etc.).

If incorporated, specify:

- a. Date of filing articles of incorporation with the Secretary of State.
  - b. State in which incorporated.
6. Number and date of the Commission decision granting the Certificate of Public Convenience and Necessity.
  7. Date operations were begun.
  8. Description of other business activities in which the utility is engaged.
  9. List of all affiliated companies and their relationship to the utility. State if affiliate is a:
    - a. Regulated public utility.
    - b. Publicly held corporation.

10. Balance sheet as of December 31st of the year for which information is submitted.
11. Income statement for California operations for the calendar year for which information is submitted.
12. Cash Flow statement as of December 31<sup>st</sup> of the calendar year for which information is submitted, for California operations only.

For answers to any questions concerning this report, call (415) 703-2883.

**(END OF ATTACHMENT B)**

**ATTACHMENT C****CALENDAR YEAR AFFILIATE TRANSACTION REPORT**

**An original and a machine readable, copy using Microsoft Word and Excel, or compatible format must be filed with the California Public Utilities Commission, State Office Building, 505 Van Ness Avenue, Room 3107, San Francisco, CA 94102-3298, no later than May 1st of the year following the calendar year for which the annual report is submitted.**

1. Each utility must list and provide the following information for each affiliated entity and regulated subsidiary that the utility had during the period covered by the Annual Affiliate Transaction Report.

- Form of organization (*e.g.*, corporation, partnership, joint venture, strategic alliance, etc.);
- Brief description of business activities engaged in;
- Relationship to the utility (*e.g.*, controlling corporation, subsidiary, regulated subsidiary, affiliate);
- Ownership of the utility (including type and percent ownership)
- Voting rights held by the utility and percent; and
- Corporate officers.

2. The utility must prepare and submit a corporate organization chart showing any and all corporate relationships between the utility and its affiliated entities and regulated subsidiaries in #1 above. The chart must have the controlling corporation (if any) at the top of the chart, the utility and any subsidiaries and/or affiliates of the controlling corporation in the middle levels of the chart, and all secondary subsidiaries and affiliates (*e.g.*, a subsidiary that in turn is owned by another subsidiary and/or affiliate) in the lower levels. Any regulated subsidiary must be clearly noted.

3. For a utility that has individuals who are classified as “controlling corporations” of the competitive utility, the utility must only report under the requirements of #1 and #2 above any affiliated entity that either (a) is a public utility or (b) transacts any business with the utility filing the annual report excluding the provision of tariff services.

4. Each annual report must be signed by a corporate officer of the utility stating under penalty of perjury under the laws of the State of California (CCP 2015.5) that the annual report is complete and accurate with no material omissions.

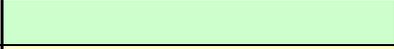
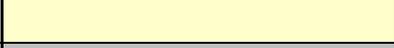
5. Any required material that a utility is unable to provide must be reasonably described and the reasons the data cannot be obtained, as well as the efforts expended to obtain the information, must be set forth in the utility’s Annual Affiliate Transaction Report and verified in accordance with Section I-F of Decision 93-02-019.

6. Utilities that do not have affiliated entities must file, in lieu of the annual transaction report, an annual statement to the Commission stating that the utility had no affiliated entities during the report period. This statement must be signed by a corporate officer of the utility, stating under penalty of perjury under the laws of the State of California (CCP 2015.5) that the annual report is complete and accurate with no material omissions.

**(END OF ATTACHMENT C)**

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Description	A1309022 Farrar Agenda Dec 12-31-13
Document 2 ID	file:///d:/jt2/Desktop/A1309022 Farrar Agenda Dec Revision 1 12-31-13.docx
Description	A1309022 Farrar Agenda Dec Revision 1 12-31-13
Rendering set	Standard

Legend:	
<a href="#">Insertion</a>	
<del>Deletion</del>	
<del>Moved from</del>	
<a href="#">Moved to</a>	
Style change	
Format change	
<del>Moved deletion</del>	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	13
Deletions	21
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	34